

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

APPLICATION OF MOUNT HOREB)
TELEPHONE COMPANY FOR APPROVAL)
OF AN ALTERNATIVE REGULATION PLAN)

Docket No. 3940-T1-103

**APPLICATION OF MOUNT HOREB TELEPHONE COMPANY
FOR APPROVAL OF AN ALTERNATIVE REGULATION PLAN**

MOUNT HOREB TELEPHONE COMPANY HEREBY PETITIONS the Public Service Commission of Wisconsin ("Commission") pursuant to § 196.195(12), Stats., for Commission approval of the following Alternative Regulation Plan ("Plan"):

**ARTICLE I
GENERAL PROVISIONS**

- 1.1 Mount Horeb Telephone Company ("Petitioner") is a corporation organized and existing under the laws of the State of Wisconsin.
- 1.2 Petitioner is a "small telecommunications utility" as that term is defined in § 196.01(8), Stats. Petitioner is also a "rural telephone company" as defined in the Federal Telecommunications Act of 1996 (the "Act").
- 1.3 Petitioner provides telecommunications services to approximately five thousand fifty (5,050) access lines in the geographic territory generally known as the Mount Horeb Exchange ("Petitioner's Service Territory").
- 1.4 Petitioner submits this Plan in accordance with and subject to the terms and conditions of its current Alternative Regulation Plan authorized for the period July 1, 1997, through June 30, 2002 ("Current Plan"), having achieved the goals set forth in said Plan.

**ARTICLE II
ACHIEVEMENT OF GOALS UNDER CURRENT
ALTERNATIVE REGULATION PLAN**

- 2.1 Petitioner has achieved the goals it committed to attain under the Current Plan.
 - 2.1.1 Promotion of Competition:

- 2.1.1.1 Petitioner has filed wholesale rates and tariffs for certain retail telecommunications services offered to end-user customers at retail rates, where wholesale rates are based on retail services provided to end-user customers, less costs that can be reasonably avoided with respect to services sold at wholesale and such costs are included in the retail prices of resold services.
- 2.1.1.2 Petitioner has provided 1 plus intraLATA ~~late~~ equal access.
- 2.1.1.3 Petitioner has re-balanced its rates as provided for in the Current Plan.
- 2.1.1.4 Petitioner has eliminated rate-of-return regulation.
- 2.1.1.5 Petitioner has received no bona fide requests for access to its local network or resale of telecommunications services.

2.1.2 Continued Deployment of Infrastructure:

- 2.1.2.1 The Petitioner has completed all projects as described in its Current Plan for Infrastructure Deployment as follows:
 - 2.1.2.1.1 Installation of fiber optic ring throughout the exchange.
 - 2.1.2.1.2 Installation of Digital Serving Area (DSA) equipment connecting customers to the fiber optic ring for delivery of advanced telecommunications services throughout the exchange.
 - 2.1.2.1.3 Deployment of fiber optic cable between public school facilities.
 - 2.1.2.1.4 Installation of fiber optic cable to all Interexchange transport routes.
 - 2.1.2.1.5 Deployment of telecommunications facilities to meet subscriber growth, enhancement of service efficiency and reliability.
 - 2.1.2.1.6 Enhancements and/or upgrades to central office switching equipment to provide advanced telecommunications services.

- 2.1.2.1.7 Deployment of CLASS services based on customer demand and economic feasibility.
- 2.1.2.1.8 Deployment of advanced telecommunications service as requested to public school districts, public libraries, medical facilities and industrial parks.
- 2.1.2.2 Petitioner has also made available advanced service capabilities in the following areas:
 - 2.1.2.2.1 All lines possess essential data transmission capability of at least 9600 bits per second.
 - 2.1.2.2.2 All lines are served digitally through central office and digital serving equipment, terminating into the central office switch through a digital interface; thereby, providing all end-user customers with the capability for high speed data connectivity.
 - 2.1.2.2.3 All lines possess high speed data transfer capability at a rate of at least 28.8 baud per second.
 - 2.1.2.2.4 Two-way interactive video conferencing and two-way interactive imaging was never requested, but would have been made available, upon written request, where technically and economically feasible.
- 2.1.2.3 Summary of customer requests for advanced telecommunications services during the life of the Current Plan, that were not provided:
 - 2.1.2.3.1 Petitioner received one request for ISDN. Petitioner determined that based upon a single request, deployment of ISDN was not economically feasible. Petitioner will continue its investigation regarding the economic feasibility of deployment of ISDN if it receives additional requests for ISDN.
 - 2.1.2.3.2 Petitioner received 38 requests for caller ID with call waiting. Petitioner is investigating the technical and economic feasibility of providing caller ID with call waiting. It is Petitioner's intention to deploy caller ID

with call waiting in 2002 in response to its customers' requests.

- 2.1.2.3.3 Petitioner provides Digital Subscriber Line ("DSL") to customers where it is economically feasible. Petitioner received approximately 50 requests for DSL, that were not fulfilled because it was not economic feasible. It is Petitioner's intention to increase its deployment of DSL in 2002.

2.1.3 Economic Development:

- 2.1.3.1 Petitioner has provided advanced telecommunication services as requested to public school districts, public libraries, medical facilities, and industrial parks as required by the Current Plan.
- 2.1.3.2 Petitioner has made donations in kind, to the Wisconsin Advanced Telecommunications Foundation consistent with the requirements of the Current Plan.

2.1.4 Increased Customer Choice:

- 2.1.4.1 Petitioner has provided 1 plus intraLATA equal access.
- 2.1.4.2 Petitioner has deployed CLASS services.
- 2.1.4.3 Petitioner has provided advanced telecommunications services as provided in the universal fund service rules.

2.1.5 Productivity/Maintenance of Service Quality Levels:

- 2.1.5.1 Petitioner's quality of service has remained under the levels required in the Current Plan:
 - 2.1.5.1.1 2.00 business days for average time interval for installation;
 - 2.1.5.1.2 19.20 annual initial trouble reports per 100 lines;
 - 2.1.5.1.3 15.20 hours for average time out of service; and
 - 2.1.5.1.4 12.50 percent annual repeat trouble reports.

- 2.1.5.2 Petitioner has never been penalized for failing to maintain the quality of service standards required in the Current Plan.
- 2.1.5.3 Petitioner has filed annual reports regarding its actual quality of service results compared to the quality of service levels required under the Current Plan.
- 2.1.5.4 Petitioner's local exchange and intra-state switched access service rates do not and have never exceed the rates set forth in the Current Plan.
- 2.1.5.5 Petitioner has complied with the service quality standards in Wis. Admin. Code § 165.

2.1.6 Quality of Life for Customers:

- 2.1.6.1 Petitioner has provided funding to the Relay Service.
- 2.1.6.2 Petitioner has established a Lifeline rate.
- 2.1.6.3 Petitioner has provided enhanced 911 services.
- 2.1.6.4 Petitioner's local exchange and intra-state switched access service rates do not and have never exceed the rates set forth in the Current Plan.
- 2.1.6.5 Petitioner has provided advanced telecommunications services as requested to public school districts, public libraries, medical facilities, and industrial parks as required in the Current Plan.

2.1.7 Universal Service:

- 2.1.7.1 Petitioner has funded the Universal Service Fund to the extent required by statute.
- 2.1.7.2 Petitioner has provided the essential telecommunications services described in the universal service guideline rules. In addition to the essential telecommunication services, the Petitioner has met advanced service capabilities required to be provided.
- 2.1.7.3 Petitioner has migrated to and maintained low access rates at the benchmark since July 1, 2000, in accordance with the

Current Plan, to promote universal service to help customers, especially low income customers, remain on the telecommunications network.

2.1.8 Promote Societal Goals:

- 2.1.8.1 Petitioner has provided discounted rates to schools and libraries, by providing services at R-1 rather than B-1 rates.
- 2.1.8.2 Petitioner provides advanced telecom services to seven (7) public school buildings and the public library.
- 2.1.8.3 The Petitioner's contributions, or donations in kind, to the Wisconsin Advanced Telecommunications Foundation were consistent with the requirements of the Current Plan.

2.1.9 Maintain Fair and Reasonable Rates:

- 2.1.9.1 Petitioner has provided 1 plus intraLATA ~~late~~ equal access.
- 2.1.9.2 Petitioner has deployed CLASS services.
- 2.1.9.3 Petitioner has made available advanced telecommunication services as provided in the universal fund service rules.
- 2.1.9.4 Petitioner's rates for local exchange access service have remained within the limits established in the current Plan throughout the life of the current Plan.

R-1 Rates:

Year	Old Rate	New Rate	% Increase
1997	\$13.65	\$13.65	0.00%
1998	\$13.65	\$15.50	13.55%
1999	\$15.50	\$16.50	6.45%
2000	\$16.50	\$17.50	6.06%
2001	\$17.50	\$17.50	0.00%

B-1 Rates:

Petitioner has not increased its B-1 rates during the ~~term~~ life of the Current Plan.

ARTICLE III CLASSIFICATION OF SERVICES

- 3.1 All of Petitioner's services will be classified in the following categories:
- 3.1.1 Local Exchange Access Services: This class of service includes the provision to any residential customer of an access facility, and any standard business access line and usage by small business customers with no more than one access line, whether by wire, cable, fiber optics or radio, and essential usage within a local calling area for the transmission of high-quality two-way interactive switched voice or data communications. "Local Exchange Access Service" includes extended community calling, extended area service and touch tone service. This class of service is regulated by rates as set forth under this Plan. The Commission may not review or set the rates for Local Exchange Access Services except as determined under this Plan.
 - 3.1.2 Intra-state Switched Access Services: This class of service includes those services as defined in § 196.01(1b), Stats. Such services would be regulated by rates as set forth under this Plan. The Commission may not review or set the rates for Intra-state Switched Access Services except for as determined under this Plan.
 - 3.1.3 Other Services: This class of service includes all other services offered by Petitioner not addressed in Sections 3.1.1 and 3.1.2 or which have been previously deregulated by the Commission. Such services would not be regulated by the Commission, except to the extent expressly permitted by §§ 196.195, 196.20(1m), 196.204 except (3) if ordered by the Commission, (5) and (6), 196.209, 196.21(3)(a)1, and 196.219 except subsection (3)(g), Stats., or to the extent that the FCC may have jurisdiction.

ARTICLE IV RATES

- 4.1 Petitioner requests authority to adjust the rates described in the attached Exhibit A upon filing revised tariffs with the Commission. Rate increases for the balance of the term of the Plan will become effective no later than the dates indicated in Exhibit A after giving sixty (60) days notice to customers, and filing revised tariffs with the Commission. Rate decreases will become effective within one (1) day after filing revised tariffs with the Commission. Petitioner reserves the right to petition the Commission for an order making Petitioner subject to § 196.204(5)(a), Stats., for services addressed in 3.1.1 through 3.1.3 and for a waiver thereunder in the event

Petitioner desires to reduce its Basic Local Exchange Service below its total service long-run incremental cost.

As part of the order approving this Plan, the Commission will give advanced approval to the form of the notice to customers contained in Exhibit B and waive subsequent approval of the notice pursuant to § 196.213(2), Stats.

- 4.2 For all classes of service, the basis for the initial rates are the current filed tariffs and contracts.

ARTICLE V EXOGENOUS CHANGES

- 5.1 With Commission approval, Petitioner may adjust the prices of any service(s) due to the financial impacts of governmental actions. For purposes of this section, the term exogenous change shall mean any changes in federal, state, or local government mandates, rules, regulations, or statutes which causes a cumulative change in Petitioner's intrastate regulated revenue, expenses, or investment of more than one percent (1%) over a twelve-month period, as compared to the base period. The base period shall be the later of the following: the twelve-month period immediately preceding the effective date of this plan, three (3) years prior to the proposed exogenous change, or the period covered by the last exogenous change for the same government action(s). Such governmental actions may include, but are not limited to, the following:

5.1.1 Separations matters (involving the separation of investment, expenses, and revenues, between the intrastate and interstate jurisdictions).

5.1.2 Taxes (federal and state income taxes, and property or similar taxes).

5.1.3 Accounting rule changes.

5.1.4 Switched and/or special access revenues.

5.1.5 Expansion of EAS and ECC calling area and changes and rates.

5.1.6 Other federal, state, or local governmental activity (including legislative, judicial, and administrative events).

- 5.2 In such an event, Petitioner may request the Commission to adjust the rates accordingly. Petitioner shall give thirty (30) days notice of the rate change to its affected customers and the Commission. The notice to the Commission shall include a description of the governmental action, the proposed adjustment to prices,

the duration of the adjustment, and the estimated revenue impact of the governmental action. Petitioner may request price adjustments to reflect the financial impact of governmental actions as a part of the annual filing.

- 5.3 The Commission shall approve the request if the Commission finds that:
- 5.3.1 The governmental action causing the financial impact has been correctly identified.
 - 5.3.2 The financial impact of the governmental action has been accurately quantified.
 - 5.3.3 The proposed rates produce revenue covering only the financial impact of the governmental actions.
 - 5.3.4 The rates would be applicable to the appropriate class or classes of customers.
- 5.4 Upon complaint filed by an affected party or on the Commission's own motion, the Commission may initiate an investigation of a proposed rate change within fifteen (15) days after receiving the request. Such investigation shall be limited to the financial impact of the proposed change and not include a rate-of-return analysis. If the Commission does not initiate an investigation within fifteen (15) days after receiving the request, such request shall go into effect as filed by Petitioner. Within sixty (60) days after initiating an investigation and following an opportunity for hearing, the Commission shall issue an order approving, modifying or rejecting the rate change. If a hearing is held, the time within which the Commission may issue an order may be extended by thirty (30) days. The Commission may suspend a proposed rate structure alteration or rate increase pending the issuance of the order. If the Commission does not act within sixty (60) days (or ninety (90) days if a hearing is held) after initiating an investigation, then the request shall go into effect as filed by Petitioner.
- 5.5 The Commission may, on request of Petitioner or another interested party, or on its own initiative, require Petitioner to adjust prices for circumstances that meet the above criteria.

ARTICLE VI TERM AND TERMINATION

- 6.1 The Plan will be effective on the 1st day of the month that is forty-five (45) days following the issuance of the Commission's final order approving the Plan (herein referred to as "Effective Date" or "Anniversary Date") unless Petitioner withdraws its

application within thirty (30) days after issuance of the final order, and will continue until Petitioner terminates the Plan.

- 6.2 Petitioner may terminate this Plan at any time after the Effective Date by filing a letter with the Commission, which does not need the Commission's approval. Upon termination of the Plan, Petitioner may return to the level of regulation that it was under prior to approval of this Plan or any other form of regulation that it may so qualify for and may elect, including regulation under § 196.215, Stats., based upon rates in effect at that time. Petitioner shall not be subject to an investigation of its earnings as a prerequisite to returning to prior regulation or any other form of regulation.
- 6.3 Petitioner may make mid-course Plan modifications and clarifications to respond to rate structure changes and specific unforeseen developments. Petitioner shall file such mid-course adjustments with the Commission for their approval.
- 6.4 If the Plan terminates upon a Commission finding of effective competition then Petitioner will be subject to lessor regulation than included in this plan, under § 196.195, Stats.
- 6.5 If the Plan is terminated as a result of Commission action for any other reason Petitioner will return to regulation under § 196.215, Stats., based upon rates in effect at that time.

ARTICLE VII COMPETITIVE COMMITMENTS

- 7.1 Petitioner proposes to continue to implement the following described procedures to promote competition within its franchise territory:
 - 7.1.1 Petitioner will provide resale of all telecommunications services which have been approved by the Commission for resale which the company offers at retail rates, in accordance with filed tariffs.
 - 7.1.2 Petitioner will keep on file wholesale rates and tariffs for certain retail telecommunications services offered to end-user customers at retail rates. Wholesale rates will be based on retail services provided to end-user customers, less costs that can be reasonably avoided with respect to services sold at wholesale and such costs are included in the retail prices of resold services. The provision of wholesale rates and tariffs does not indicate a waiver of Petitioner's rural exemption status as defined in the Act.

7.1.3 Petitioner's local network access will be available to telecommunications providers certified by the Commission to provide service in the Petitioner's Service Territory.

7.1.3.1 Certification of a competing provider in Petitioner's Service Territory shall be in accordance with § 196.50(1)(b)2.d, Stats., unless the Petitioner specifically consents to the competing provider being certified. In this case, § 196.50(1)(b)2.b., Stats., shall apply.

7.1.3.2 If the certification is in accordance with § 196.50(1)(b)2.d., Stats., Petitioner has the right to request a hearing. Under this Plan, if requested, the Commission will consent to hold a hearing. After investigation and hearing, the Commission may find that public convenience and necessity require the delivery of service by the person making the application, in which case the Petitioner's obligation to be provider of last resort may, at the discretion of the Petitioner, be eliminated.

7.1.3.3 Petitioner reserves all its rights under the Act as a rural telephone company. A determination as to termination of Petitioner's rural exemption or in response to a petition by Petitioner for suspension or modification of § 251(b) or (c), shall be made in accordance with § 251(f)(1) or (2), respectively. The granting of a petition under § 251(f)(2) may be grounds for the Commission to terminate the Plan. Under this Plan, if requested, the Commission will consent to hold a hearing.

7.1.4 Petitioner will continue to make 1 plus intraLATA equal access available to all providers certified by the Commission.

ARTICLE VIII PLAN GOALS

8.1 Petitioner has as goals:

- 8.1.1 The promotion of competition;
- 8.1.2 The continued deployment of infrastructure;
- 8.1.3 Economic development;
- 8.1.4 Increased customer choice;
- 8.1.5 Productivity;
- 8.1.6 Maintenance of Service Quality Levels;

- 8.1.7 Quality of life for customers;
- 8.1.8 Universal Service;
- 8.1.9 Societal goals;
- 8.1.10 Maintain fair and reasonable rates.

ARTICLE IX IMPLEMENTATION OF PLAN GOALS

- 9.1 Petitioner believes the incentives contained herein will help achieve each of these goals as follows:

- 9.1.1 The Promotion of Competition:

- 9.1.1.1 The rates set forth herein, opening the Petitioner's local network to access under Sections 6.1.1 through 6.1.3, and the provision of intraLATA equal access as described in Section 6.1.4, constitute sufficient incentives to significantly increase competition among providers of telecommunications service.
 - 9.1.1.2 The Plan encompasses rate re-balancing to provide customers and other telecommunications providers with rates more closely approximating costs.
 - 9.1.1.3 Elimination of rate-of-return regulation provides a better incentive for Petitioner to cut costs and promote new services.
 - 9.1.1.4 Petitioner will provide resale of all telecommunications services which have been approved by the Commission for resale at retail rates as provided for in filed tariffs without requesting a waiver.

- 9.2 The Continued Deployment of Infrastructure Structure

- 9.2.1 The Petitioner incorporates as attached Exhibit C its plan for Infrastructure Deployment.
 - 9.2.2 Petitioner will continue to improve its network infrastructure in order to ensure the availability of reliable, high quality telephone service throughout its service territory to meet its customers' needs and demands.
 - 9.2.3 By April 1 of each year included in the Plan, the Petitioner will provide notification to the Commission of infrastructure deployed in the prior calendar year. Notification will be provided in letter format as provided in Exhibit D.

9.3 Economic Development

9.3.1 Economic development will continue to advance in the geographic areas served by Petitioner given the increased infrastructure and services which are available as a result of such things as advanced telecommunications technology and competition. As a result, Petitioner's serving area will continue to attract and retain employers and other consumers.

9.4 Increased Customer Choice

9.4.1 Petitioner's offering of 1 plus intraLATA equal access as described in Section 6.1.4 promotes customer choice. Likewise, increased customer choice will be fostered by competition, Petitioner's deployment of infrastructure and advanced telecommunications technology. Further, the Petitioner may provide a form of measured local service, as set forth in Exhibit A, which will give the customer the ability to help control the cost of their telephone service.

9.5 Productivity

9.5.1 Suspension of many of the statutes listed below will enhance the productivity of Petitioner by removing from it the burden of complying with these laws thereby freeing Petitioner to redirect its resources to implement new services and transition to competition. The rate structure flexibility provided in this Plan promotes productivity by assigning costs to the cost causer.

9.5.2 The Plan, by containing a maximum rate which may be charged, creates an incentive to Petitioner to contain and minimize costs and deliver its services as efficiently as possible to permit Petitioner the opportunity to earn a reasonable profit and compete on a level playing field.

9.6 Maintenance of Service Quality Levels:

9.6.1 Petitioner pledges to continue to provide the same high quality of service to its end-user customers as they are currently accustomed to receiving. As a result, Petitioner's end-user customers will receive prompt high quality service for all their telecommunications needs.

9.6.2 Petitioner will continue to implement the following service guarantee pledge.

**SERVICE GUARANTEE
MOUNT HOREB TELEPHONE COMPANY PLEDGES TO PROVIDE**

Service guarantee to customers:

1. When new or additional services are requested, the end-user customer will be able to use the service by 6:00 p.m., on the agreed upon due date.

Service Performance Guarantee Rules:

- Applies to local access line service for end-user business and residential customers.
 - Applies when customers request installation of service of Petitioner's - owned facilities used to provide services offered by Petitioner.
 - Service installation includes new or additional local services and moves.
 - Service installation is defined to be dial tone to the network interface device.
2. No end-user customer of the Petitioner will experience more than two repeat trouble reports for the same Petitioner provided service during a single billing period.

Service Performance Guarantee Rules:

- Applies to local access line service for end-user business and residential customers.
- Applies to trouble caused by Petitioner's equipment.
- A repeat trouble report is defined as a repeat of the same problem, which found and corrected and has been verified it was not caused by customer.

If Petitioner does not achieve the guarantee level of performance outlined in 1 and 2 above, the customer will receive a credit equal to one month of basic local service.

The credit is limited to the following:

- One month's basic exchange single line service.
- Credit will be applied in accordance with the above conditions and customer notification will be done on the following month's bill.

- Each credit will be limited to the amount described above for the particular line associated with the service.
- 3. If the Petitioner's end-user customer's local access service is interrupted, the Petitioner will make a subsequent billing adjustment for the period out of service.

Service Performance Guarantee Rules:

- The credit to the end-user customer shall be the pro rata portion of the months basic local access charge for the number of days that the basic local access service is rendered inoperative.
- Credit for the interruption is based on the number of consecutive days service is inoperative. Partial days out of service will be credited as full days.
- Credit will be allowed from the time notification is received from the end-user customer and verified by Petitioner, or from the time of discovery by the Petitioner, whichever is earlier.
- Credit for interruption is not allowed where the outage is caused by a willful act of any party, force majeure, negligence of a third party, or due to negligence of the customer or the failure of facilities provided by the customer.

9.6.3 The Petitioner's quality of service will remain under these levels:

- 9.6.3.1 2.85 business days for average time interval for installation.
- 9.6.3.2 22.83 annual initial trouble reports per 100 lines;
- 9.6.3.3 14.99 hours for average time out of service; and
- 9.6.3.4 14.93 percent annual repeat trouble reports.

Penalties: If the Petitioner does not maintain the quality of service standards provided for in this subsection, Petitioner's ability to increase rates will be reduced by one percent (1%), from the twenty percent (20%) increase as provided for in Exhibit A, for each quality of service element listed above, that was not achieved in the prior calendar year.

Report: Annually, no later than April 1, the Petitioner will provide a comparison of actual quality of service results to levels listed above, as set forth in Exhibit E.

9.6.4 Petitioner shall continue to comply with all current Commission service quality rules (Wis. Admin. Code § PSC 165) and any future changes to these rules.

9.7 Quality of Life for Customers

9.7.1 The high quality of telecommunications service, the deployment of advanced technology, and the rate structure provided for under this Plan will continue to enhance the quality of life of the Petitioner's customers.

9.7.2 Provision of a Lifeline rate insures the availability of affordable service to all potential Mount Horeb customers.

9.8 Universal Service

9.8.1 The Petitioner is committed to universal service through deployment of its infrastructure and contributions to the intrastate universal service fund. Maintaining access rates at or below the benchmark as provided for in this Plan helps to promote universal service. These access rates help all customers, especially low income customers, remain on the telecommunications network.

9.9 Promote Societal Goals

9.9.1 Petitioner will provide basic local exchange access service to all elementary and secondary schools and public libraries within its exchange at R-1 rates. The discount would apply to all such lines in service as of July 1, 2002, plus any change in end-user lines through the life of the Plan.

9.10 Maintain Fair and Reasonable Rates

9.10.1 Petitioner will continue to maintain fair and reasonable rates. Petitioner will, if it determines that market conditions warrant, provide a form of measured local service, as set forth in Exhibit A, which will give its customers the ability to better control the cost of their telephone service.

ARTICLE X
EARNINGS REVIEW/CUSTOMER ABILITY TO PETITION

10.1 The Commission shall not conduct an earnings review as a condition of adopting the Plan for Petitioner.

- 10.2 While this Plan is in effect, the Commission shall not undertake any earnings review of Petitioner either on its own motion or pursuant to § 196.215, Stats., nor shall any customer have the ability to petition the Commission to review a rate increase.

ARTICLE XI WAIVER OF STATUTES

- 11.1 Beginning on the effective date of the Plan and during the life of the Plan, Petitioner shall not be required to adhere to the following statutory provisions:

- 11.1.1 Wis. Stat. ch 201, Securities of public service corporations.
- 11.1.2 196.02(2), Commission's powers.
- 11.1.3 196.05, Public utility property; valuation; revaluation.
- 11.1.4 196.06 Uniform accounting; forms; books; office.
- 11.1.5 196.07 Balance sheet filed annually.
- 11.1.6 196.09 Depreciation rates and practices;
- 11.1.7 196.10 Contraction accounting.
- 11.1.8 196.12, Report by public utilities; Items.
- 11.1.9 196.13(2), Commission's report.
- 11.1.10 196.19, Publish schedules; regulations; files; joint rates.
- 11.1.11 196.20 (except 1m), Rules on service, changes in rates.
- 11.1.12 196.196, Telecommunications Utility Price Regulation.
- 11.1.13 196.204(7), Electronic publishing.
- 11.1.14 196.213, Notice of Rate Increase by Small Telecommunications Utility.
- 11.1.15 196.215, Election of Rate Regulation and Flexible Regulation of Small Telecommunications Utilities.

- 11.1.16 196.26, Complaint by consumers; hearing; notice; order; costs, only for rates, tolls, charges, or schedules pursuant to § 196.26(4)(b), Stats.
- 11.1.17 196.28, Summary investigations, only for rates, tolls, or charges.
- 11.1.18 196.37, Lawful Rates; reasonable service.
- 11.1.19 196.49, Authorization from Commission before transacting business; extensions and improvements to be approved; enforcement of orders; natural gas.
- 11.1.20 196.604, Rebates, concessions and discriminations unlawful.
- 11.1.21 196.77 Promotional rates.
- 11.1.22 196.79 Reorganization.

In addition to the above statutory sections, Petitioner will continue to be exempt from all statutes as provided for as a small telecommunications utility. The Commission may not increase regulation of a small telecommunications utility in implementing this subdivision § 196.195(12)(b)3, Stats.

ARTICLE XII WITHDRAWAL OF PETITION

- 12.1 Petitioner reserves the right to withdraw this Petition at any time prior to implementation of the Plan including following its approval by the Commission as submitted or as modified thereby.

ARTICLE XIII FILING A REVISED PLAN

- 13.1 Petitioner further reserves the right, and the final Plan must provide Petitioner with the opportunity to submit a revised plan for regulation to the Commission in the event the Commission determines that effective competition exists in Petitioner's Service Territory for a telecommunications service that justifies lesser regulation as provided under § 196.195, Stats., or in the event of changes in the law otherwise reducing the level of regulation to which Petitioner is subject. Petitioner also reserves the right to submit a revised plan if unforeseen and extraordinary events arise which threaten to impair either Petitioner's ability to provide adequate service or its financial health. Any such request from Petitioner shall be decided upon by the Commission pursuant to the provisions of § 196.195, Stats.

PRAYER FOR RELIEF

For all the above stated reasons, Petitioner hereby requests pursuant to § 196.195(12), Stats., that the Commission approve this Alternative Regulatory Plan as outlined above.

Dated this 28th day of December, 2001.

MOUNT HOREB TELEPHONE COMPANY

BY: _____

John A. Kleren

EXHIBIT A

Access Service Rates

Local Exchange Access Services Rate[s] Ceiling

<u>(i) Service</u>	<u>Initial (Current Rate [s])</u>	<u>7/1/02 and thereafter</u>
Residential 1-Party (R-1)	17.50	(a)
Business 1-Party- single line (B-1)	26.20	(b)
ECC Per Minute	.05	.05

Rates for services listed under (i) above will not exceed the ceilings provided as shown above.

- (a) Subject to Section 4.1 of the Plan the R-1 monthly rate may be increased by not more than the aggregate of: (1) twenty percent (20%) increase over the prior year rate ceiling, (2) up to an additional five (5%) revenue neutral adjustments for intra-state switched access service charge changes in addition to those provided in (ii), and (3) less penalties as a result of not maintaining quality of service levels as provided for in Section 8.6.3. In addition, increases in the R-1 monthly rate shall not exceed seventy-five percent (75%) over any four consecutive years.
- (b) In no event will the B-1 rate exceed more than two (2) times the R-1 rate.

Within the term of this Plan, at the option of the Petitioner, a non-optional or optional measured local service plan may be implemented that does not increase the average R-1 rate more than the ceilings as provided above.

A non-optional measured local service plan would only be implemented after giving customers a sixty (60) day notice with an opportunity to petition the measured plan. Petitioner will not implement a non-optional measured local service plan if, end-user customers representing at least twenty percent (20%) of the Petitioner's access line, sign a petition against implementing the Plan. The petition process will follow these pertinent provisions of §§ 196.213 and 196.215, Stats:

- (1) "Consumer" means a person billed for one or more local telecommunications service access lines not to exceed one person per access line. A person billed for more than one access line may not be considered a consumer for each access line for which he or she is billed.

- (2) Notice shall be by mail and shall include a schedule of the proposed rates, the effective date of the rates, and the procedures necessary for consumers to petition the Commission.
- (3) The proposed notice to consumers shall be submitted to the Commission for approval. The Commission may reject the proposed notice if the notice is misleading. If the Commission does not act on the proposed notice within ten (10) days after receiving it, the notice is considered approved.
- (4) If within sixty (60) days after notice of a proposed rate increase is mailed the Commission has not received petitions from at least the number of eligible consumers specified above, the Commission shall certify that fact to the Petitioner and the proposed rate change shall take effect as published.
- (5) If consumers submit a valid petition to the Commission, the consumers may withdraw the petition at any time.
- (6) A signature on a petition may not be counted if the date of that signature is sixty (60) days prior to the date of filing of the petition.
- (7) If after notice of implementation of a non-optional local measured service plan twenty percent (20%) of consumers petition against the plan, Petitioner will not file a subsequent notice for implementation of a non-optional local measured service plan for a period of at least three hundred five (305) days.

Petitioner may also implement a non-optional measured plan if approved by the Commission.

Local Exchange Access Services Rate Ceiling

<u>(ii) Intra-State Access</u>	<u>Initial (Current Rate[s])</u>	<u>7/1/02 and thereafter</u>
Carrier Common Line - Orig	.01	(a)
Carrier Common Line - Term	.015	(a)
Local Switching	.0192	(a)
Information (per 100 MOU)	.0139	(a)
Local Transport - Term	.0057	(a)
Local Transport - Mileage	.0002	(a)

(a) Within the term of the Plan, the Petitioner, at is option may further decrease intra-state switched access service charges and increase rates for local exchange access services by five percent (5%) per year, and other services in a manner designed to be revenue neutral to Petitioner.

EXHIBIT B

Notice of Rate Increase

EFFECTIVE _____, 2002, Mount Horeb Telephone Company will increase the following rates.

<u>Service</u>	<u>Current Rate</u>	<u>New Rate</u>
Residential 1-Party	\$	\$
Bus 1-Party- single line		

The rate increases outlined in this notice have already been approved by the Public Service Commission of Wisconsin as part of its approval of the Alternative Regulatory Plan. Customers with questions regarding this notice should contact Mount Horeb Telephone Company at (608) 437-5551, or contact the Public Service Commission of Wisconsin at (608) 267-2893.

EXHIBIT C

Over the life of the Plan, Petitioner will make the following Infrastructure deployments:

- a. Maintain and upgrade the fiber optic ring throughout the exchange.
- b. Maintain and upgrade the Digital Serving Area (DSA) equipment connecting customers to the fiber optic ring for delivery of advanced telecommunications services throughout the exchange.
- c. Upon written requests, deployment of fiber optic cable between public school facilities.
- d. Maintain and upgrade the fiber optic cable to all Interexchange transport routes.
- e. Continued deployment of telecommunications facilities to meet subscriber growth, enhancement of service efficiency and reliability.
- f. Continued enhancements and/or upgrades to central office switching equipment to provide advanced telecommunications services.
- g. Continued deployment of CLASS services based on customer demand and economic feasibility.
- h. Upon written request, deployment of advanced telecommunications service where technically or economically feasible to public school districts, public libraries, medical facilities and industrial parks.
- i. Upon written request, deployment of Digital Subscriber Line (DSL) where technically and economically feasible.

EXHIBIT D

_____, Secretary
Public Service Commission of Wisconsin
Post Office Box 7854
Madison, WI 53707-7854

Dear _____:

As part of our Company's Alternative Regulatory Plan, dated _____, 2002, Section 9.2, we are providing the following information regarding infrastructure deployment for the year ended December 31, 2001.

Description of Project

Investment

In Service Date

Sincerely,

MOUNT HOREB TELEPHONE COMPANY

EXHIBIT E

_____, Secretary
Public Service Commission of Wisconsin
Post Office Box 7854
Madison, WI 53707-7854

Dear _____:

As part of our Company's Alternative Regulatory Plan, dated _____, 2002, Section 9.6, we are providing the following information regarding Quality of Service Levels for the year ended December 31, 2001.

1. _____ days for average time interval for installation
2. _____ annual initial trouble reports per 100 lines
3. _____ hours for average time out of service
4. _____ percent annual repeat trouble reports

Sincerely,

MOUNT HOREB TELEPHONE COMPANY
